Manitoba

Annual Report 1990-91

Rural Development

The Manitoba
Water Services Board

Minister of
Rural Development

Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

February 24, 1992

His Honour George Johnson, M.D.
Lieutenant Governor of Manitoba
235 Legislative Building
Winnipeg, Manitoba
R3C 0V8

May It Please Your Honour:

It is my pleasure to present to you The Manitoba Water Services Board Annual Report for the period extending from April 1, 1990 to March 31, 1991. This report records the activities of the Board for that period.

Yours sincerely,

L Derkach

Len Derkach
Minister

Manitoba

Rural Development

Municipal Advisory and
Financial Services

607 — 800 Portage Avenue
Winnipeg, Manitoba, CANADA
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The Honourable Len Derkach
Minister of Rural Development
301 Legislative Building
Winnipeg, Manitoba
R3C 0V8

5 February 1992

Dear Mr. Minister:

I have the honour of presenting to you the Nineteenth Annual Report of The Manitoba Water Services Board for the fiscal year ending March 31, 1991, together with the financial statements of the Board for the same period.

Yours respectfully,

F.R. Dennis
Acting Chairman
Manitoba Water
Services Board

93-01112/

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The Manitoba Water Services Board

A/Chairman
F.R. Dennis
Director
Municipal Advisory and Financial Services
Rural Development

Members
N.E. Brandson
A/Deputy Minister
Environment

G. Jasper
Box 388
Souris, Manitoba
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The Manitoba Water Services Board

The Manitoba Water Services Board (Board) was established in July 1972 under The Manitoba Water Services Board Act to assist in the provision of water and sewerage facilities to the residents of rural Manitoba. The Board replaced The Manitoba Water Supply Board, taking over all responsibilities of the former Board, continuing to own and operate 32 water supply installations in the Province. The Board's primary mandate is the delivery of a Community Water and Sewer program, which provides for the installation or upgrading of water and sewerage facilities in Manitoba communities. The Board also delivers a Water Development program which provides for the construction of agricultural area pipelines and farm water sources as well as water and sewerage facilities for smaller communities with a population of up to 300. In addition, the Board has also been involved in a Drought/Proofing program in co-operation with the Federal Government.

The Board is composed of representatives of the Departments of Rural Development, Environment, and one citizen member and reports to the Legislature through the Minister of Rural Development.

Objectives

The Manitoba Water Services Board has the following specific objectives as outlined in the Act:

a) The obtaining of supplies of potable water for domestic and other uses within the province, and the selling of water to municipalities and water districts.

b) The acquisition or construction and the operating and maintenance of all plants and works necessary for obtaining, collecting, storing, treating, purifying and transmitting water.

c) The transmission of water from a source of supply or a point of storage to a point of acceptance by a municipality or a water district either within or outside the municipality or water district.

d) The acquisition or construction and the operation and maintenance of works for the distribution of water.

e) The acquisition or construction and the operation and maintenance of works for the collection of sewage.

f) The acquisition or construction and the operation and maintenance of works for the treatment and disposal of sewage.

Activities carried out to meet the objectives under:

a) The Board operated 42 water treatment plants and sold potable water for domestic and other uses to various municipalities and water districts.

b) During the fiscal year 1990/91 the Board upgraded seven water treatment plants.

b & c) There were 32 water treatment plants constructed by The Manitoba Water Supply Board prior to 1972. These are now operated by The Manitoba Water Services Board. The potable water produced is sold in bulk to the municipalities. In addition nine water treatment plants constructed by The Manitoba Water Services Board under cost-sharing agreements with the municipalities are operated at the request of the municipalities by The Manitoba Water Services Board with costs recovered by sale of water in bulk to the municipalities. The Red River Regional Water System, with its treatment plant at Letellier, supplies potable water to Altona, Dominion City, Gretna, R.M. of Rhineland, Letellier, Altona Rural Water Services Co-Op Ltd., Halbstadt-Marais Water Co-operative, and Roseau River Tribal Council.

d, e, & f) In 1990/91 ten water and sewer renewals and upgradings were carried out on behalf of the respective municipalities.

The Board can enter into agreements with all organized areas of the province, including municipalities, Local Government Districts, villages, towns and cities, excluding (a) the City of Winnipeg, (b) the areas under the jurisdiction of the Minister of Northern Affairs, and (c) those areas of the province under Federal Government jurisdiction.

Once an application for assistance or a resolution is received, the Board priorizes the project and subject to availability of funds and approvals, makes the necessary physical and technical investigations, and an offer is then submitted to the municipality for the construction of new works, extentions, and/or improvements to existing works. The works may be owned and operated either by the Board or the Municipality. After the municipality has received the necessary Municipal Board approvals and the Agreement has been executed, the Board enters into the necessary contracts for Engineering services and construction of the works.

The Board also enters into agreements with municipalities and non-profit water utilities (water districts or Co-ops) under the Water Development program when requested. Total project management which includes engineering

designs, approvals, tendering, contract administration, and interim financing can be provided utilizing the same procedures followed by The Manitoba Water Services Board for larger municipal projects. Details of these agreements are given under Construction Agreements Submitted and Signed. The details regarding the nature of the total Water Development activities and provincial financial contribution is provided in Manitoba Rural Development's Annual Report.

The Manitoba Water Services Board Act requires the Board to fix water rates for plants constructed prior to 1972, to recover costs pertaining to the services supplied, taking into account grants for rate stabilization provided by the Province of Manitoba. The rates set by the Board and approved by the Province are in accordance with tables maintained by the Board which indicate a return of full capital costs and operating deficits based on a 35 year operating life. For the year ending March 31, 1991, rate stabilization grants totalling $40,102 were paid in respect to the operation of 8 of the plants constructed under The Manitoba Water Supply Board Act.

New agreements between The Manitoba Water Services Board and a municipality vary in length, however, an agreement is long enough to ensure a stable period of operation for the Board works and to guarantee satisfactory water and sewage services to the municipality. In some instances the municipality has requested and the Board has agreed to operate water treatment plants on behalf of the municipality.

In June, 1984, the Manitoba Goverment altered the Grant Formula for The Manitoba Water Services Board increasing the level of provincial funding for most water and sewage works in the province. The formula is summarized as follows:

1. The share of the capital cost of construction to be assumed by the municipality is set at:

   a) for both water and sewage, the capitalized amount which 20 mills on the equalized assessment discounted at the current rate of borrowing (established each January) plus 50% of the balance of the project cost. Capital debts on existing utilities are taken into account in the calculation.

   b) for sewer systems only, the capitalized amount which 8 mills on the equalized assessment discounted at the current rate of borrowing (established each January) plus 50% of the balance of the project cost.

   c) for water systems only, the capitalized amount which 12 mills on the equalized assessment discounted at the current rate of borrowing (established each January) plus 50% of the balance of the project cost.

   d) in no instance will the grant on the systems for communities with populations less than 300 be less than 30% of the project cost.

The provinicial grant is 60% of the shareable costs for those organized municipalities north of the Northern Affairs boundary. However, since the costs in The Pas are not considered to be as great as those in most northern communities, the provincial grant is 55%.

Where solid bedrock is encountered a special grant of 50% of the additional costs related to bedrock is available. The remaining 50% is included as part of the capital costs of the project, for purposes of calculating the communities' "front end" expenses and the provincial grant.

Summary of Services in 1990-91

Preliminary Investigations

The Board received 54 Board applications for technical and financial assistance from individual municipalities during the year.

A total of 18 engineering feasibility studies were completed. On the basis of these and previously completed studies, the Board submitted 22 offers (13 regular budget, 9 Drought Proofing) as well as 3 amended offers for the construction of water and/or sewer facilities to municipalities.

Twenty-two agreements (14 regular budget, 1 Community Water and Sewer Development Program, 4 Agricultural Area Pipelines, and 3 Drought Proofing) submitted during this and the previous year, as well as 1 amended agreement, were signed by March 31, 1991. Estimated costs for these agreements and the dates they were signed are given in the following table:

Construction Agreements Signed

during April, 1990 to March 31, 1991

	Date Agreement Signed	Estimated Capital Cost of Project
**Beausejour (3) (Town)	October 22, 1990	$550,000
**Binscarth (5) (Village)	October 9, 1990	250,000
*Birtle (R.M.) Solsgirth	November 6, 1990	14,200
**Blanshard (R.M.) Oak River (3)	October 24, 1990	86,000
**Carberry (Town)	October 22, 1990	300,000
***Chater Water Co-Op Ltd.	November 7, 1990	135,000
*Clanwilliam (R.M.) Erickson (4)	April 6, 1990	17,000
**De Salaberry (R.M.) St. Malo (2)	August 13, 1990	760,000
**Elkhorn (Village)	April 25, 1990	264,000
***Flett's Road Water Co-Op	November 7, 1990	146,000
**Harrison (R.M.) Sandy Lake (7)	October 22, 1990	335,000
***Macdonald (R.M.) Starbuck I (3)	September 7, 1990	1,480,000
***Macdonald (R.M.) Starbuck II (4)	September 7, 1990	430,000
**Melita (Town)	October 22, 1990	400,000
***Morton (R.M.) Boissevain North (3)	November 7, 1990	123,000
**Neepawa (7) (Town)	October 22, 1990	900,000
**Portage (6) (City) A-1	June 13, 1990	1,600,000
**Rivers (Town)	August 13, 1990	400,000
**Rockwood (R.M.) Stony Mountain	August 8, 1990	5,100,000
**Stonewall (10) (Town)	May 23, 1990	600,000
*Westbourne (R.M.) Gladstone (2)	April 6, 1990	28,000
**Woodlands (R.M.) Warren (3)	September 24, 1990	180,000

*Drought Proofing
**Regular Water and Sewer Program
***Water and Sewer Development Program

Design and Construction 1990-91

Water and sewerage project design and construction resulted in a total expenditure of $8.444M, of which approximately $2.999M was contributed by the Province.

Project Management and interim financing was provided to twenty-one (21) ongoing Water Development and Drought Proofing projects which resulted in a total expenditure of $2.899M.

Under these provincially funded projects, approximately 105,000 cu. m of earth was moved in the construction of waste stabilization ponds, over 20,000 metres of sewers and 155,000 meters of watermains were installed. In addition, 705,000 litres of water storage capacity, concrete reservoirs were constructed.

Water and Sewer Projects Substantially Completed Under Regular Program during the year 1990/91 were:

		Project Costs	Provincial Grants
Arborg (5)	Water and Sewer Expansion	$550,617	$264,123
Beausejour (3)	Lagoon Expansion	429,520	180,757
Elie (7)	Watermain Renewals	407,549	203,775
Elm Creek (4)	Water Treatment Plant Upgrading	13,989	6,994
Flin Flon (5)	Water and Sewer Upgrading	2,061,943	1,243,916
Grunthal (5)	Water and Sewer Extensions	112,277	56,138
Oak River (3)	Watermain Renewals	66,832	33,416
Powerview (2)	Lagoon Relocation	297,420	120,454
Riverton (3)	Sewermain Extension	16,146	8,073
Stonewall (9)	Water and Sewer Extensions	1,086,744	517,413
		$5,043,037	$2,635,059

Projects Substantially Completed under the Water Development Program, for which Interim Financing was provided by the Board during the year 1990/91 were:

		Project Costs	Provincial Grants
Boissevain (3)	Agricultural Area Pipeline	$150,188	$25,414
*Border Valley (2)	Community Water source	75,138	12,098
*Clanwilliam	Tank Loading Facility	10,911	1,752
*La Salle (3)	Agricultural Area Pipeline	202,326	38,197
*Oak Bluff	Agricultural Area Pipeline	733,260	125,625
*Oak bluff (2)	Community Water and Sewer	572,343	142,004
*Plum Coulee (3)	Agricultural Area Pipeline	55,888	16,772
*Plum Coulee (4)	Agricultural Area Pipeline	373,389	59,107
*Solsgirth	Tank Loading Facility	7,522	1,141
*Treherne (2)	Tank Loading Facility	5,982	933
		$2,186,947	$423,043

*Drought Proofing Project

Projects Under Design or Construction at Year End under the Regular Program were:

		Estimated Project Costs	Estimated Provincial Grants
Binscarth (5)	Water Treatment Plant	$250,000	$125,000
Brandon	Sewage Treatment	3,300,000	-
Carberry	Sewage Treatment	300,000	139,474
Elkhorn	Low Pressure Sewer System	264,000	80,500
McCreary (5)	Upgrading Sewer System	290,000	145,000
Melita	Sewer and Watermain Replacement	400,000	200,000
Neepawa (7)	Water and Sewer System	900,000	450,000
Notre Dame de Lourdes (4)	Water Treatment Plant Upgrading	50,000	25,000
Portage (5)	Sanitary Sewer	1,950,000	970,000
Portage (6)	Sanitary Sewer	1,600,000	800,000
Rivers	Water Supply Works	400,000	188,700
St. Malo (2)	Water Supply and Distribution	800,000	287,054
Sandy Lake (7)	Water Supply System	335,000	143,107
Stonewall (10)	Water and Sewer Extensions	600,000	258,000
Stony Mountain	Water and Sewer System	5,100,000	1,940,000
Strathclair (2)	Water Treatment Plant Upgrading	82,000	41,000
Warren (3)	Water Supply System	180,000	90,000
		$16,801,000	$5,882,835

Projects Under Design or Construction at Year End under the Water Development Program were:

		Estimated Project Costs	Estimated Provincial Grants
Chater Water Co-Op	Agricultural Area Pipeline	$135,000	$33,000
Fletts Corner Water Co-Op	Agricultural Area Pipeline	146,000	44,000
Landmark (2)	Water Supply	46,000	14,000
Lowe Farm	Water Supply	54,000	16,200
New Bothwell	Low Pressure Sewer System	484,100	155,350
Pilot Mound (3)	Tank Loading Facility	5,000	750
Plumas	Water Supply	260,000	130,000
Rosenfelt (2)	Agricultural Area Pipeline	122,000	24,750
Starbuck (3)	Water Supply and Pipeline	1,480,000	282,000
Starbuck (4)	Water Distribution System	430,000	172,140
Warren (2)	Water Supply	100,000	50,000
		$3,262,100	$922,190

Previously Constructed Works

On April 1, 1990, the Board operated forty-two water treatment plants of which thirty-two were constructed prior to 1972 by The Manitoba Water Supply Board, now referred to as "Previously Constructed Works". Of these, water rates for fifteen were at the subsidized level of $6.30 per 1,000 Imperial gallons effective April 1, 1991.

Water rates remained unchanged for Baldur, Benito, Deloraine, Elie, Erickson, Ethelbert, Holland, Manitou, Rossburn, Ste. Agathe, Sandy Lake, and Somerset.

The water rate was decreased at McCreary from $3.45 to $2.60 per thousand Imperial gallons, at Reston from $3.15 to $2.50 per thousand Imperial gallons, at Russell from $4.50 to $3.75 per thousand Imperial gallons, and at St. Claude from $4.15 to $3.15 per thousand Imperial gallons.

At the request of the Village of Notre Dame de Lourdes, the water rate was increased effective April 1, 1991 from $1.80 to $2.30 per thousand Imperial gallons to create a Reserve Fund for the water treatment plant.

Newly Constructed Works

Effective April 1, 1991, water rates remained unchanged at Birch River, Cranberry Portage, Elm Creek, Grunthal, Lac du Bonnet, Miami, Plum Coulee, Rapid City, Swan Lake, and the Red River Regional Water System.

Operations and Maintenance

Water treatment plants at Gilbert Plains, Winnipegosis and Erickson were upgraded to improve the mechanical system and treatment process to meet the demands for potable water.

New water supply wells were constructed at McCreary, Somerset, St. Claude and Sandy Lake to ensure that an adequate water supply was available.

Sale of Water

Town or Municipality	Consumption 1990-91	Actual Cost of Production per 1,000 I.G.	April 1/91 Selling Price 1,000 I.G.	Type of Treatment
Altona, 1 & 2	97,166,083	$4.15	$4.15	A, B, E
Altona Rural Water Co-Op, 1 & 2	14,095,000	4.15	4.15	A, B, E
Argyle (RM) (Baldur)	6,337,000	4.66	5.30	B, C, E
Benito	9,030,000	2.42	5.20	C, E
Blanshard (RM) (Oak River)	2,533,000	9.63	6.30	C, E
Bowsman	5,665,000	7.39	6.30	C, E
Bulk Tank Loading (Letellier)	503,000	4.15	7.75	A, B, E
Cartier (RM) (Elie)	10,511,000	3.41	5.30	C, D, E
Cartwright	6,406,000	6.38	6.30	C, D, E
Consol (LGD) (Cranberry Portage)	37,807,000	0.70	0.70	B, E
Deloraine 4	20,074,000	4.25	5.30	A, B, E
Erickson	12,992,000	3.07	5.20	B, C, D, E
Ethelbert	5,463,000	5.47	5.80	C, E
Franklin (Dominion City)	6,313,000	4.15	6.30	A, B, E
Gilbert Plains	13,622,000	6.21	6.30	A, B, E
Gretna, 1 & 2	9,178,080	4.15	4.15	A, B, E
Grey (RM) 3	930,000	3.15	3.15	E
Grey (RM) (Elm Creek)	6,732,000	5.75	5.75	Reverse Osmosis, E
Halbstadt	4,929,000	4.15	4.15	A, B, E
Hamiota	16,546,000	6.41	6.30	A, B, E
Hanover (RM) (Grunthal)	19,695,000	1.00	1.00	E
Harrison (RM) (Sandy Lake)	5,705,459	3.91	5.30	C, E
Lac du Bonnet	30,565,000	0.85	0.85	B, E, F
Lorne (RM) (Swan Lake)	28,841	0.50/cu. m	0.50/cu. m	E
Manitou	17,414,000	4.95	5.30	A, B, E
McCreary	11,368,000	1.12	2.60	B, C, E
Minitonas	7,086,000	13.11	6.30	Reverse Osmosis, E
Montcalm (RM) (Letellier)	3,787,000	4.15	6.30	A, B, E
Montcalm (RM) (St. Jean Baptiste)	9,904,000	6.15	6.30	A, B, E
Mountain (LGD) (Birch River)	7,925,000	2.75	2.75	E
Notre Dame de Lourdes	16,459,000	1.58	2.30	E
Pilot Mound	14,370,000	7.27	6.30	A, B, E
Pipestone (RM) (Reston)	14,051,000	0.39	2.50	B, C, E
Plum Coulee	9,138,000	6.75	6.75	A, E
Rapid City	4,803,000	3.75	3.65	C, E
Rhineland, 1 & 2	20,653,000	4.15	4.15	A, B, E
Ritchot (RM) (Ste. Agathe)	6,298,000	2.57	5.30	E
Roseau River	7,076,000	4.15	4.15	A, B
Rosedale (RM) (Kelwood)	2,305,000	2.84	6.30	E
Rossburn	15,499,000	4.59	4.70	B, C, D, E
Russell	35,463,000	3.20	3.75	A, B, E
Silver Creek (RM) (Angusville)	1,480,000	17.85	6.30	C, E
Somerset	9,837,000	1.29	3.00	E
St. Claude 3	15,314,000	0.62	3.15	E
Shellmouth (RM) (Inglis)	2,638,000	12.41	6.30	C, E
Strathclair (RM) (Strathclair)	6,534,000	9.72	6.30	C, D, E
Strathcona (RM) (Belmont)	4,290,000	6.06	6.30	C, E
Thompson (RM) (Miami)	7,421,000	2.00	2.00	C, E
Victoria (RM) (Holland)	6,616,000	3.48	5.30	C, E
Winchester (RM) 4	1,812,000	-	1.20	NONE
Winnipegosis	12,311,000	7.89	6.30	A, B, E
Woodworth (RM) (Kenton)	2,512,000	12.55	6.30	E, F

1) Water provided by Neche water supply.
2) Water provided by Red River Regional water supply.
3) Water provided by same water treatment plant.
4) Untreated water delivered directly from water source.

Type of Treatment:

A - Lime soda ash softening
B - Fluoridation
C - Iron and/or manganese removal
D - Zeolite softening
E - Chlorination
F - Coagulation, sedimentation

Manitoba

The Manitoba Water Services Board
Management Report

The accompanying financial statements are the responsibility of management and have been prepared in conformity with the accounting policies noted in the financial statements. The statements are examined by the Provincial Auditor of the Province of Manitoba, whose opinion is included herein.

To fulfill this responsibility, management maintains internal control systems to provide reasonable assurance that the accounts and records accurately reflect all transactions, and that appropriate policies and procedures are established and respected.

The Provincial Auditor has free access to the Board of Directors, with and without management present, to discuss the results of their audit and the quality of financial reporting of the Board.

W. E. Griffin
General Manager

T. A. Francis
Chief, Finance & Administration

Office of
the Provincial Auditor

905 - 386 Broadway
Winnipeg, Manitoba, CANADA
R3C 3R6

Auditor's Report

To the Legislative Assembly of Manitoba

We have audited the balance sheet of the Manitoba Water Services Board as at March 31, 1991 and the statements of operating revenues and expenditures, accumulated excess of operating revenues over expenditures, and changes in cash position for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 1991 and the results of its operations and the changes in its cash position for the year then ended in accordance with the accounting policies states in note 1 to the financial statements.

F. H. Jackson, CA
Provincial Auditor

Winnipeg, Manitoba
December 12, 1991

The Manitoba Water Services Board **Exhibit A**

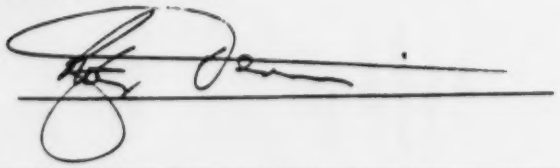
Balance Sheet

as at March 31, 1991

Assets	1991	1990
Current assets:		
Cash on deposit with the Minister of Finance Exhibit D	$1,604,636	$1,799,266
Accounts receivable	3,549,890	3,451,170
Grants Receivable from the Government of the Province of Manitoba — subsidization of construction costs	472,729	53,882
Accrued interest	481,230	548,145
Prepaid expenses	26,705	92,512
	6,135,190	5,944,975
Debentures receivable from municipalities, Schedule 1 (Note 3)	10,108,285	10,828,449
Construction in progress recoverable from municipalities and the Government of the Province of Manitoba (Note 2)	2,480,721	1,294,890
Fixed assets, at cost (Notes 1(c) and 4)		
Land and easements	89,316	89,316
Building and equipment	5,528,354	5,602,817
	5,617,670	5,692,133
Less accumulated depreciation	3,630,212	3,569,784
	1,987,458	2,122,349
	$20,711,654	$20,190,663

Liabilities	1991	1990
Current liabilities:		
Accounts payable and accrued charges	$2,323,432	$1,702,306
Capital debt, Schedule 2: (Note 3)		
Advances from the Government of the Province of Manitoba	15,659,213	15,988,415
Debentures - Canada Mortgage and Housing Corporation	1,757,828	1,938,877
	17,417,041	17,927,292
Accumulated excess of operating revenues over expenditures Exhibit C, (Notes 1(b) and 5)	871,181	461,065
Interest adjustment fund account (Note 6)	100,000	100,000
	$20,711,654	$20,190,663

Approved by the Board



The Manitoba Water Services Board **Exhibit B**

Statement of Operating Revenues and Expenditures

for the year ended March 31, 1991

	1991	1990
Revenues:		
Sale of water	$ 2,548,309	$ 2,522,376
Administrative expenses paid by the Government of the Province of Manitoba, Schedule 3	1,869,211	1,842,819
Interest:		
Municipalities	1,332,804	1,572,512
Cash on deposit	78,085	31,402
Grant from the Government of the Province of Manitoba - subsidization of water rates (Note 5)	40,102	62,371
	5,868,511	6,031,480
Expenditures:		
Administrative expenses, Schedule 3	1,869,211	1,842,819
Interest:		
Advances	1,654,290	1,859,935
Bonds and debentures	184,721	239,494
Audit and other fees	13,331	13,194
Chemicals	457,044	424,147
Depreciation (Note 1(c))	158,161	161,672
Salaries and benefits	852,480	648,569
Heat, telephone, light and power	287,647	285,968
Repairs and maintenance	255,669	209,302
Water purchased for resale	172,523	173,165
	5,905,077	5,858,265
Interest applied to construction	(446,682)	(496,132)
	5,458,395	5,362,133
Excess of operating revenues over expenditures, Exhibit C	$ 410,116	$ 669,347

The Manitoba Water Services Board **Exhibit C**

Statement of Accumulated Excess of Operating Revenues over Expenditures

for the year ended March 31, 1991

	1991	1990
Balance, beginning of year	$ 461,065	$ (54,924)
Add: Excess of operating revenues over expenditures, Exhibit B	410,116	669,347
Deduct: Refund of operating revenues over expenditures	-	153,358
Balance, end of year, Exhibit A	$ 871,181	$ 461,065

The Manitoba Water Services Board **Exhibit D**

Statement of Changes in Cash Position

for the year ended March 31, 1991

	1991	1990
Cash provided by (used for):		
Operating activities:		
Excess of operating revenues over expenditures, Exhibit B	$ 410,116	$ 669,347
Refund of excess operating revenues over expenditures	-	(153,358)
Item not involving cash - depreciation	158,161	161,672
	568,277	677,661
Net change in non-cash working capital balances	655,128	(2,730,336)
	1,223,405	(2,052,675)
Financing activities:		
Construction of facilities for municipalities	(11,342,902)	(11,192,804)
The Government of the Province of Manitoba:		
Grants - subsidization of construction costs	3,664,364	4,285,605
Advances - net	(329,202)	2,445,030
Municipalities:		
Debenture principal repayments	720,164	1,727,948
Construction expenditure recoveries	6,073,859	7,090,277
The Government of Canada:		
Canada Pension Plan bond repayment	-	(3,023,000)
Canada Mortgage and Housing Corporation:		
Debenture principal repayments	(181,049)	(165,068)
Sinking fund payments - net	-	836,501
	(1,394,766)	2,004,489
Investment activities:		
Fixed asset additions	(23,269)	-
Proceeds from transfer of ownership - Ste. Rose plant	-	40,253
	(23,269)	40,253
Decrease in cash	(194,630)	(7,933)
Cash, beginning of year	1,799,266	1,807,199
Cash, end of year, Exhibit A	$ 1,604,636	$ 1,799,266

The Manitoba Water Services Board **Schedule 1**

Schedule of Debentures Receivable from Municipalities

Page 1

as at March 31, 1991

Municipality	No. of Debentures	Payment Dates	Interest Rates %	Balance
Village of Arborg	4	October 31, 1991-1998	9.25-11.25	$ 95,191
Village of Benito	1	October 31, 1991-1998	9.80	7,176
Village of Binscarth	1	October 31, 1991-1998	11.25	25,178
Village of Binscarth	1	December 31, 1991-2004	12.75	3,946
R.M. of Birtle	2	October 31, 1991-2000	11.25-13.75	120,875
Town of Birtle	2	December 31, 1991-2003	12.625-13.125	218,160
Town of Carman	3	October 31, 1991-1999	9.00-11.25	146,176
R.M. of Cartier	1	October 31, 1991-1995	10.95	72,256
Village of Cartwright	1	December 31, 1991-2004	12.75	19,161
R.M. of Coldwell	2	October 31, 1991-1996	9.80-10.95	77,477
L.G.D. of Consol	1	October 31, 1991-1996	9.80	33,998
Town of Dauphin	2	October 31, 1991-1996	9.80-10.95	253,649
Town of Deloraine	2	October 31, 1991-1999	9.80-11.25	17,845
R.M. of De Salaberry	2	December 31, 1991-2004	12.625-12.75	77,591
R.M. of East St. Paul	3	October 31, 1991-1997	9.00-10.95	87,288
Town of Emerson	2	October 31, 1991-1998	9.80-11.25	23,605
Village of Erickson	1	October 31, 1991-1994	9.25	2,874
R.M. of Eriksdale	1	October 31, 1991-1996	9.80	4,251
City of Flin Flon	5	December 31, 1991-2004	12.625-12.75	1,460,487
Village of Gilbert Plains	2	October 31, 1991-1995	9.25-10.95	47,913
Village of Glenboro	1	December 31, 1991-2002	13.125	87,951
Town of Grandview	4	October 31, 1991-1999	9.00-11.25	64,599
Town of Grandview	1	December 31, 1991-2002	13.125	51,583
Village of Gretna	2	October 31, 1991-1995	9.80-10.95	10,739
R.M. of Grey	1	October 31, 1991-1999	11.25	66,130
R.M. of Hanover	7	October 31, 1991-1999	9.00-11.25	245,954
R.M. of Hanover	2	December 31, 1991-2004	12.75	152,628
Town of Killarney	1	December 31, 1991-2004	12.75	29,298
Village of Lac du Bonnet	1	October 31, 1991-1997	9.50	169,260
R.M. of Lorne	3	October 31, 1991-2000	9.80-13.75	205,400
R.M. of MacDonald	4	October 31, 1991-1999	9.00-11.25	66,890
Village of Manitou	2	October 31, 1991-1998	9.00-11.25	58,270
Village of McCreary	3	October 31, 1991-1998	9.80-11.25	16,908
Town of Minnedosa	3	October 31, 1991-1999	9.80-11.25	24,935
R.M. of Miniota	1	October 31, 1991-1996	9.80	8,343
Village of Minitonas	1	October 31, 1991-1999	11.25	66,348
R.M. of Montcalm	1	December 31, 1991-1998	12.625	46,831
Town of Morris	2	October 31, 1991-1998	9.00-9.80	102,968
Town of Morris	2	December 31, 1991-2004	12.75-13.125	88,745
L.G.D. of Mountain	2	October 31, 1991-1997	9.00-9.80	75,700
Town of Neepawa	1	October 31, 1991-1998	9.80	13,946
R.M. of North Norfolk	3	October 31, 1991-1996	9.25-10.95	60,840
Village of Notre Dame De Lourdes	3	October 31, 1991-1995	9.25-10.95	30,710
Carried forward	90			$4,540,073

Schedule of Debentures Receivable from Municipalities

as at March 31, 1991

Municipality	No. of Debentures	Payment Dates	Interest Rates %	Balance
Brought forward	90			$ 4,540,073
R.M. of Ochre River	2	December 31, 1991-2002	12.625-13.125	23,756
R.M. of Pipestone	2	October 31, 1991-2000	11.25-13.75	37,016
Village of Plum Coulee	3	October 31, 1991-1999	9.00-11.25	186,287
City of Portage la Prairie	4	October 31, 1991-1999	9.00-11.25	436,811
R.M. of Portage la Prairie	2	October 31, 1991-1995	9.25-10.95	51,278
Town of Rapid City	1	October 31, 1991-1998	9.80	9,018
R.M. of Ritchot	6	October 31, 1991-2000	9.80-13.75	89,002
R.M. of Ritchot	2	December 31, 1991-2004	12.625-12.75	117,754
R.M. of Riverside	2	October 31, 1991-2000	11.25-13.75	132,655
Village of Riverton	4	October 31, 1991-1998	9.00-10.95	126,902
Village of Riverton	1	December 31, 1991-2002	13.125	15,216
Town of Roblin	2	October 31, 1991-2000	11.25-13.75	227,193
Village of Rossburn	5	October 31, 1991-2000	9.00-13.75	59,455
Town of Russell	1	December 31, 1991-2004	12.75	318,068
Village of Ste. Anne	2	October 31, 1991-1996	9.80-11.25	38,421
Village of St. Claude	3	October 31, 1991-1996	9.80-10.95	28,658
Village of St. Claude	1	December 31, 1991-1999	12.75	12,435
Village of Ste. Rose du Lac	4	October 31, 1991-1997	9.00-10.95	39,314
Village of Ste. Rose du Lac	1	December 31, 1991-2004	12.75	61,741
Town of Selkirk	6	October 31, 1991-2000	9.00-13.75	851,659
Village of Shoal lake	1	October 31, 1991-2000	13.75	133,670
R.M. of Siglunes	1	December 31, 1991-2001	13.125	6,128
Town of Souris	3	October 31, 1991-1998	9.00-9.80	326,701
Town of Souris	1	December 31, 1991-2000	12.75	13,566
Town of Steinbach	3	October 31, 1991-1997	9.00-10.95	51,220
Town of Stonewall	2	October 31, 1991-2006	9.80-10.95	783,106
R.M. of Strathcona	2	October 31, 1991-2000	11.25-13.75	35,068
L.G.D. of Stuartburn	3	October 31, 1991-2000	9.80-13.75	123,519
Town of Swan River	3	October 31, 1991-1997	9.00-10.95	325,145
R.M. of Tache	3	October 31, 1991-1998	9.00-10.95	17,513
Village of Teulon	1	October 31, 1991-2006	8.00	304,429
R.M. of Thompson	1	October 31, 1991-1996	9.80	83,507
Village of Treherne	2	October 31, 1991-1996	9.80-11.25	91,880
Town of Virden	3	October 31, 1991-1998	9.80-13.75	263,298
Town of Virden	1	December 31, 1991-1998	13.125	13,417
Community of Wabowden	1	August 1, 1991-1995	9.00	114,595
Village of Wawanesa	1	October 31, 1991-1999	11.25	2,069
Town of Winkler	1	October 31, 1991-1996	9.80	13,279
Town of Winnipeg Beach	1	October 31, 1991-1999	11.25	3,463
	178			$10,108,285

The Manitoba Water Services Board **Schedule 2**

Schedule of Capital Debt

as at March 31, 1991

	1991	1990
Advances from the Government of the Province of Manitoba:		
10.720% payable on April 1, 1991	$ 503,508	$ 958,267
9.000% payable annually October 31, 1991-1997	1,108,532	1,219,070
9.800% payable annually October 31, 1991-1998	1,318,382	1,424,143
11.250% payable annually October 31, 1991-1999	1,415,602	1,504,496
9.250% payable annually March 31, 1992-2004	569,442	720,495
9.800% payable annually October 31, 1991-2006	959,680	1,055,339
9.400% payable annually October 31, 1991-2007	35,617	36,466
13.750% payable October 31, 1990	-	1,887,653
10.010% payable annually June 2, 1991-1999	1,989,676	2,122,809
12.625% payable annually December 31, 1991-2003	1,073,047	1,110,429
12.750% payable annually December 31, 1991-2004	1,333,523	1,368,774
9.625% payable annually March 31, 1992-2007	1,078,858	1,107,128
Other - payable on demand at bank prime	4,273,346	1,473,346
	15,659,213	15,988,415
Canada Mortgage and Housing Corp. Debentures:		
7.875% payable annually August 1, 1991-1994	34,575	41,674
8.000% payable annually December 1, 1991-1995	29,505	34,140
8.000% payable annually January 1, 1992-1996	17,812	20,611
8.000% payable annually January 1, 1992-1996	22,814	26,397
8.000% payable annually February 1, 1992-1996	24,238	28,046
10.000% payable annually February 1, 1992-1996	47,476	54,495
10.375% payable annually January 1, 1992-1996	62,071	71,143
10.375% payable annually January 1, 1992-1996	13,686	15,686
10.375% payable annually February 1, 1992-1996	45,521	52,174
10.375% payable annually February 1, 1992-1996	29,850	34,212
10.375% payable annually February 1, 1992-1996	34,880	39,978
10.375% payable annually February 1, 1992-1996	70,981	81,355
10.375% payable annually December 1, 1991-1996	76,221	85,005
10.750% payable annually August 1, 1991-1996	35,636	39,688
10.750% payable annually December 1, 1991-1996	21,586	24,040
10.750% payable annually December 1, 1991-1996	9,848	10,968
8.000% payable annually April 1, 1991-1997	7,740	8,711
8.000% payable annually July 1, 1991-1997	477,486	526,720
10.000% payable annually July 1, 1991-1997	19,564	21,420
10.000% payable annually July 1, 1991-1997	13,631	14,924
10.375% payable annually April 1, 1991-1997	75,719	84,446
10.375% payable annually April 1, 1991-1997	67,112	74,847
10.750% payable annually July 1, 1991-1997	103,348	112,850
9.625% payable annually February 1, 1992-1998	45,904	50,328
11.000% payable annually November 1, 1991-2002	370,624	385,019
	1,757,828	1,938,877
	$17,417,041	$17,927,292

The Manitoba Water Services Board **Schedule 3**

Schedule of Administrative Expenses for the Year Ended

as at March 31, 1991

	1991	1990
Advertising	$ 4,471	$ -
Equipment	5,014	-
Insurance	912	418
Materials and office supplies	54,996	63,790
Miscellaneous	11,846	8,243
Postage	7,323	4,579
Professional services	136,931	76,940
Publications	1,938	1,783
Rentals	2,205	2,927
Repairs and maintenance	169	268
Salaries	1,440,575	1,480,912
Telephone and utilities	47,735	51,516
Travel	155,096	151,443
Total administrative expenses, Exhibit B	$1,869,211	$1,842,819

Notes to Financial Statements

for the year ended March 31, 1991

1. **Significant Accounting Policies**

(a) **Basis of Accounting**

The Board's financial statements have been prepared using the accrual basis of accounting.

(b) **Accumulated excess of operating revenues over expenditures.**

The accumulated excess of operating revenues over expenditures, shown on the balance sheet pertains to plants operated under the following terms:

(A) Plants owned and operated by the Board with cost recovery over a 35 year life. These plants were constructed prior to 1972 under The Manitoba Water Supply Board Act. The Act was amended in 1972 and became known as The Manitoba Water Services Board Act with no further additions under this program. The amended Act provides for grants for rate stabilization by the Government of the Province of Manitoba.

(B) The plants operated by the Board under agreements with municipalities which were constructed since 1972 under The Manitoba Water Services Board Act.

(C) Plant owned and operated by the Board with cost recovery over a 20 year life.

All operating deficits of plants operated by the Board are recoverable from the municipalities. Municipalities are given credit for any accumulated surplus.

(c) **Depreciation policy**

The Board provides depreciation on a straight-line basis for its fixed assets over an 18 year term for equipment and a 35 year term for buildings under (b) (A) above and a 20 year term for equipment and buildings under (b) (C) above.

(d) **Sinking fund**

A sinking fund is maintained in accordance with the requirements of The Manitoba Water Services Board Act which prescribes that the Board pay a minimum annual instalment to the Minister of Finance of the Government of the Province of Manitoba of not less than 1% of the principal amount of the outstanding capital indebtedness on the preceding March 31, together with 4% of the balance in the sinking fund at that date.

In accordance with the Act, during 1990-91 the Board used all the funds available in the Sinking Fund for repayment, in part, of the debt which matured during the fiscal year.

2. **Construction in Progress Recoverable from Municipalities and the Government of the Province of Manitoba**

The transactions in this account were as follows:

	March 31	
	1991	**1990**
Balance, beginning of year	$ 1,294,890	$ 1,403,323
Construction, Exhibit D	11,342,902	11,192,804
	12,637,792	12,596,127
Recoveries		
Municipalities		
Cash payments received, Exhibit D	6,073,859	7,090,277
The Government of the Province of Manitoba		
Grants - subsidization of contruction costs	4,083,212	4,210,960
	10,157,071	11,301,237
Balance, end of year, Exhibit A	$ 2,480,721	$ 1,294,890

Notes to Financial Statements

for the year ended March 31, 1991

3. Debentures Receivable from Municipalities

The Board obtained capital debt financing at fixed interest rates from the Government of the Province of Manitoba and Canada Mortgage and Housing Corporation. In turn, the Board received payments or obtained debentures from municipalities for the municipal share of capitalized costs for plant construction. The debentures were issued to municipalities in amounts at fixed interest rates sufficient to discharge the municipalities' share of the corresponding capital debt financing.

Effective with the year ended March 31, 1986, the Board received cash in full settlement of capital work undertaken for municipalities.

4. Fixed Assets

The following is the summary of the Board's fixed assets:

	1991	1990
Land and easements	$ 89,316	$ 89,316
Buildings	4,125,190	4,166,137
Less accumulated depreciation	2,455,253	2,380,092
	1,669,937	1,786,045
Equipment	1,403,164	1,436,680
Less accumulated depreciation	1,174,959	1,189,692
	228,205	246,988
	$ 1,987,458	$ 2,122,349

5. Accumulated Excess of Operating Revenues Over Expenditures (Note 1(b))

Concerning plants operated under A only:

The Manitoba Water Services Board Act requires the Board to fix rates for each plant to recover costs pertaining to the services supplied taking into account grants for rate stabilization provided by the Government of the Province of Manitoba to those plants constructed under The Manitoba Water Supply Board Act. The rates set by the Board and approved by the Province are in accordance with tables maintained by the Board which indicate a return of full capital costs and operating deficits based on a 35 year operating life. For the year ended March 31, 1991 rate stabilization grants totalling $40,102 were paid in respect of the operations of 8 of the plants constructed under The Manitoba Water Supply Board Act (1990 - $62,371 respecting 9 plants).

5. **Accumulated Excess of Operating Revenue Over Expenditures** (continued)

	March 31			
	1991		1990	
	No.	Amount	No.	Amount
Plants operated under A - owned and operated by the Board:				
Plants with an accumulated excess of operating expenditures over revenues, recoverable	17	$ (666,727)	20	$ (670,008)
Plants with an accumulated excess of operating revenues over expenditures	17	1,059,830	14	783,121
	34	393,103	34	113,113
Plants operated under B - operated by the Board for municipalities:				
Plants with an accumulated excess of operating expenditures over revenues, recoverable	2	(21,369)	1	(8,856)
Plants with an accumulated excess of operating revenues over expenditures	7	297,736	8	286,044
	9	276,367	9	277,188
Plant operated under C - owned and operated by the Board, newly constructed works:				
Plant with an accumulated excess of operating revenues over expenditures	1	201,711	1	70,764
Totals under A, B and C	44	$ 871,181	44	$ 461,065

6. **Interest Adjustment Fund Account**

The Board charges interest on advances to construction projects and water treatment plants operated by the Board. The policy is to charge interest at a rate which reflects the cost of borrowing by the Board. The difference between interest charged and the cost of borrowing is accumulated in the Interest Adjustment Fund Account. The Board, from time to time, adjusts interest rates to maintain a $100,000 balance in the Interest Adjustment Fund Account. For both the current and preceding year, this balance was maintained without the need to apply interest to the Interest Adjustment Fund Account.

7. **Capital Authority**

The Legislature has authorized the borrowing and expending of monies for municipal sewer and water systems. The unexpended amounts as at March 31, 1991 is $18,799,900, under The Loan Act, 1990.

8. **Commitments**

The Board has signed agreements and offers for the construction of sewer and water systems for municipalities which amount to $11,991,300 as at March 31, 1991 (1990 - $12,772,700). Of this amount, $3,546,100 (1990 - $3,222,700) is expected to be funded by the Government of the Province of Manitoba grants for the subsidization of construction costs, with the balance of $8,445,200 (1990 - $9,550,000) to be funded from the Board's Capital Authority (Note 7) which will be repayable by municipalities through cash payments (Note 3).

9. **Comparative Figures**

Where appropriate, comparative figures for 1990 have been reclassified in order to conform to the presentation adopted in 1991.